

**RESOLUTIONS OF THE BOARD OF DIRECTORS  
OF V.N.A. CORPORATION**

**WHEREAS**, in recognition of the impending transfer of the operations, assets and business of the home health service known as Visiting Nurse Services of Health Midwest ("VNS") from Research Medical Center to V.N.A. Corporation (the "Corporation"), to be effective as of January 1, 2001, the board of directors of the Corporation has determined it appropriate and necessary to revise the Corporation's Articles of Incorporation and Bylaws to reflect such transfer.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CORPORATION AS FOLLOWS:**

1. The board of directors of the Corporation hereby approves the form and content of the Amended and Restated Articles of Incorporation for the Corporation attached hereto and hereby directs the President and such other appropriate corporate officers to execute such documents on behalf of the Corporation, to file such Amended and Restated Articles with the Secretary of State of Missouri and to take such other actions as may be necessary to implement the amendments contemplated therein effective as of January 1, 2001.
2. The board of directors of the Corporation hereby also approves the form and content of the Amended and Restated Bylaws for the Corporation attached hereto and directs the President and such other appropriate corporate officers to execute such documents on behalf of the Corporation and to take such other actions as may be necessary to implement the amendments contemplated therein effective as of January 1, 2001.
3. In order to implement the Amended and Restated Articles and Bylaws and in acknowledgement of the complete integration of the Corporation into the Health Midwest System, effective as of January 1, 2001, the board of directors of the Corporation relinquishes the following rights of the Corporation pursuant to that certain Agreement for the Integration of V.N.A. Corporation and its subsidiaries into the Health Midwest System dated July 31, 1994:
  - (i) any rights under Section 1.4 (including but not limited to the right to nominate directors to the boards of Health Midwest Ventures Group and Research Medical Center, subject to election by Health Midwest);
  - (ii) any rights under section 1.5(b) (including but not limited to the right to the particular board structure stated therein and to distinguish "local directors," who are nominated by the Board and elected by Health Midwest Development Group, from Health Midwest Development Group Directors, who are nominated and elected by Health Midwest);

- (iii) any rights under section 1.5(e) (including but not limited to the right to concur in the removal by Health Midwest Development Group of a local director);
  - (iv) any other rights that conflict with or are inconsistent with the Amended and Restated Articles and Bylaws of the Corporation.
- 4. The board of directors of the Corporation hereby recommends the foregoing actions to the Sole Member of the Corporation, Health Midwest Development Group, for its approval.

**AGREEMENT FOR THE INTEGRATION OF  
V.N.A. CORPORATION  
AND ITS SUBSIDIARIES AND AFFILIATES INTO THE  
HEALTH MIDWEST SYSTEM**

THIS AGREEMENT is made and entered into as of the 31st day of July, 1994, by and between **V.N.A. CORPORATION**, a Missouri not-for-profit corporation (hereinafter referred to as ("VNA")), **HEALTH MIDWEST**, a Missouri not-for-profit corporation (hereinafter referred to as "Health Midwest"), **HEALTH MIDWEST DEVELOPMENT GROUP**, a Missouri not-for-profit corporation (hereinafter referred to as "HMDG"), **HEALTH MIDWEST VENTURES GROUP, INC.**, a Missouri corporation (hereinafter referred to as "HMGV"), and **RESEARCH MEDICAL CENTER**, a Missouri not-for-profit corporation (hereinafter referred to as "RMC");

**- W I T N E S S E T H -**

WHEREAS, VNA is exempt from income taxation under §501(c)(3) of the Internal Revenue Code (the "Code");

WHEREAS, VNA serves as the parent corporation of Visiting Nurse Association Foundation (the "Foundation"), Visiting Nurse Association of Greater Kansas City ("VNA Home Health"), Visiting Nurse Services of Clinicare ("Visiting Nurse Services"), Clinicare Family Health Services, Inc. ("Clinicare Family Health"), Hospice Care of VNA ("VNA Hospice"), and Visiting Nurse Infusion Therapy ("VNIT"), all of which are Missouri or Kansas not-for-profit corporations exempt from income taxation under §501(c)(3) of the Code and are hereinafter collectively referred to as the "Subsidiaries";

WHEREAS, Health Midwest is exempt from federal income taxation under §501(c)(3) of the Code and serves as the parent holding company of the Health Midwest System, which is a comprehensive integrated system of organizations dedicated to the delivery of health care services to the Kansas City metropolitan area and the surrounding region, and which includes general acute care hospitals and related services, mental health services, physician services and office facilities, outreach clinical and support services, outpatient care and wellness activities, employer health services, and other health care related activities;

WHEREAS, on March 17, 1994, VNA and Health Midwest signed a Letter of Intent (the "Letter of Intent"), which established principles of agreement for the intended integration of VNA and its Subsidiaries into the Health Midwest System;

WHEREAS, the parties now desire to establish their complete agreement regarding the proposed integration;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the parties agree as follows:

## ARTICLE I

### AGREEMENT TO INTEGRATE VNA AND ITS SUBSIDIARIES INTO HEALTH MIDWEST

Section 1.1 The Strategic Plan. Prior to Closing, the parties will develop and mutually agree upon a future strategic and financial plan for VNA and for each of its subsidiaries as members of the Health Midwest System, which plan may include plans for managed care network participation, physician relations, recruitment and contracting strategies for nursing and technical personnel, specific marketing strategies and action plans, and the development, modification, or enhancement of new and existing services offered through VNA. Health Midwest recognizes home care as an integral piece of the Health Midwest continuum of health care services and shares with VNA in its mission statement to provide quality home health care to the Kansas City community without regard to ability to pay.

The strategic and financial plan will include plans for consolidating VNA Home Health with RMC's home health services department to qualify VNA Home Health services as part of the hospital's home health services department. The strategic and financial plan will also include plans for continuation of VNA's commitment to provide home health services to Medicaid patients and other patients from community representatives such as Truman Medical Center, Bethany Medical Center and Kansas University Medical Center. The strategic and financial plan will further include plans for continuing VNA's commitment to adult day care services.

The strategic and financial plan for VNA will also include plans for consolidation of VNIT with the equipment/infusion therapy services of an HMVG subsidiary, Associated Medical Equipment, Inc. ("AME"), for determination of whether to consolidate VNA Hospice with Kansas City Hospice, and for other service/organizational consolidations as the parties may mutually agree upon. Further, the parties will develop plans for the provision of administrative services by VNA to all Health Midwest home health programs and those of affiliate hospitals who desire such services; provided that and to the extent the provision of such administrative services is and remains consistent with laws and regulations applicable to hospital based home health departments.

The Visiting Nurse Association name shall be preserved in conjunction with management and operation of Visiting Nurse Services, the Visiting Nurse Association Foundation, and the home health services provided by RMC for so long as management and

the boards of those organizations within Health Midwest shall consider continued use of the name to be consistent with the strategic and operational needs and direction of those organizations.

Section 1.2 System Support. Subsequent to the Closing Date, the Health Midwest System's corporate staff services will be made available to the CEO and appropriate staff of VNA and its subsidiaries. The Health Midwest System staff support which will be available to VNA includes managed care relations, physician relations, recruitment and contracting strategies for nursing and technical personnel, marketing, public relations, finance, risk management, insurance programming, strategic planning, and information services, among others. These corporate staff support services will serve as an adjunct to the management within VNA.

Section 1.3 Operational Considerations and Management Structure. Attached as **EXHIBIT A** to this Agreement are provisions with respect to operation and management of VNA within the Health Midwest System, which provisions are incorporated by this reference herein. Such provisions shall become effective upon the Closing Date.

Section 1.4 VNA Representation on HMDG, HMVG and RMC Boards. Subject to the terms and conditions hereinafter set forth and only upon satisfaction of the conditions to Closing established by this Agreement, on the Closing Date, HMDG shall amend its corporate Bylaws as appropriate and necessary to provide that two (2) Directors of the reorganized VNA Board of Directors shall serve as members of the HMDG Board of Directors. The initial VNA representatives to serve on the HMDG Board of Directors shall be the individuals named on **EXHIBIT B** attached hereto and shall be elected by Health Midwest on the Closing Date. The successors to such VNA representatives on the HMDG Board shall be nominated by the members of the VNA Board subject to election by Health Midwest. If Health Midwest rejects any VNA nominee, then nominations will again be made by the members of the VNA Board.

Subject to the terms and conditions hereinafter set forth and only upon satisfaction of the conditions to Closing established by this Agreement, on the Closing Date, HMVG shall amend its Bylaws to provide that two (2) Directors of the reorganized VNA Board of Directors shall serve as members of the Board of Directors of HMVG. The initial VNA representatives to serve on the HMVG Board of Directors shall be named on **EXHIBIT B** attached hereto and shall be elected by Health Midwest on the Closing Date. Further, the above provisions regarding initial election and succession shall apply to the VNA representatives on the HMVG Board.

Subject to the terms and conditions hereinafter set forth and only upon satisfaction of the conditions to Closing established by this Agreement, on the Closing Date, RMC shall amend its Bylaws to provide that one (1) Director of the reorganized VNA Board of Directors shall serve as a member of the Board of Directors of RMC. The initial VNA

representative to serve on the RMC Board of Directors shall be named on **EXHIBIT B** attached hereto and shall be elected by RMC on the Closing Date. The above provisions regarding initial election and succession shall apply to the VNA representatives on the RMC Board.

Section 1.5 Amendments to VNA Articles of Incorporation and/or Bylaws Regarding its Governance Structure. Subject to the terms and conditions hereinafter set forth and only upon satisfaction of the conditions to closing established by this Agreement, on the Closing Date, VNA shall amend its Articles of Incorporation and/or Bylaws as follows:

(a) The Articles and Bylaws of VNA shall be amended as appropriate and necessary to become a membership corporation under Revised Statutes of Missouri, Chapter 355, and to name HMDG as the sole member of VNA with the authority to elect the Board of Directors of VNA as specified below and with all other rights and privileges of a sole member of a not-for-profit corporation organized under R.S.Mo. Chapter 355;

(b) The amended Articles of Incorporation and Bylaws of VNA shall establish a seventeen (17) member Board of Directors of which three (3) shall be nominated by HMDG and fourteen (14) shall be nominated by the remaining members of the Board. These fourteen (14) Directors are herein referred to as the "local" Board members. All nominees to the VNA Board shall be subject to election or rejection by HMDG as sole member, and HMDG shall act upon nominations within sixty (60) days after receipt of the same. If HMDG shall fail to elect any local nominee, then HMDG must again obtain nominations from the local members of the VNA Board for any position which HMDG so fails to fill. In such event, the local members of the VNA Board shall have a period of thirty (30) days to submit a different nominee for election by HMDG. HMDG shall have a period of thirty (30) days after the new nominee is submitted to elect or fail to elect the new nominee. This procedure shall be repeated as often as necessary until a nominee submitted by the local Board members is elected by HMDG.

(c) The amended Bylaws of VNA shall provide that all elected Directors shall serve three (3)-year staggered terms with five (5) or six (6) Directors' terms expiring each year, as applicable (one (1) HMDG nominee and four (4) or five (5) local nominees). Directors' terms of office will expire at the end of the stated term, and Directors will not continue to serve thereafter unless renominated and elected in the usual manner;

(d) The initial Board of Directors to serve following the Closing Date shall be the individuals named on **EXHIBIT B** attached hereto and shall serve for the designated one-, two- or three-year term shown on said **EXHIBIT B**;

(e) The amended Bylaws shall provide that HMDG, as sole member, may remove Directors who are not acting in the best interests of VNA; provided, however, that removal of any local Directors will require the concurring vote of a majority of the remaining members of the Board. The successor to any Director who is removed, resigns or otherwise ceases to be a Director will be nominated by HMDG, or by the local members of the VNA Board, whichever entity had originally nominated the removed, resigned or otherwise terminated Director. The nominating procedure described in subparagraph (b) above will apply upon resignation, removal or other early termination of a Director's position on the Board;

(f) Health Midwest has established age seventy (70) as the maximum age at which a Director may be nominated and elected to serve on the Board of Directors of any Health Midwest entity and has established a three (3) consecutive term limit on Board service. Health Midwest has also established a conflict of interest policy which among other things precludes from Board service any person who provides or whose firm provides \$25,000 or more in annual services to Health Midwest entities. Exceptions to the three (3)-term limit exist for certain officers and exceptions to the \$25,000 annual service limit exist for physician board members and services subject to a competitive bid process. VNA agrees that its amended Bylaws will include Health Midwest's maximum age of service, term limit, and conflict of interest provisions;

(g) The amended Articles of Incorporation and Bylaws shall require that upon dissolution of VNA, all of the remaining assets after satisfaction of outstanding debts will be distributed to HMDG as its sole member; provided that HMDG then qualifies as an organization exempt from federal income tax under Code §501(c)(3) or any successor provision thereto. If HMDG does not then so qualify, distribution of the net assets of VNA will be made to such §501(c)(3) tax exempt organization(s) as the Board of VNA may designate by resolution, subject to approval of such resolution by HMDG as the sole member;

(h) The amended Bylaws of VNA shall adopt the Health Midwest System levels of approval authority for capital expenditures and consulting and legal fees. Currently, for VNA this will mean the levels of approval authority shown on EXHIBIT C attached hereto;

(i) The amended Bylaws of VNA shall require that annual budgets adopted by the Board of VNA and its Subsidiaries be subject to approval by Health Midwest; and

(j) The amended VNA Articles of Incorporation and Bylaws shall contain other legally appropriate provisions as mutually agreed by VNA and Health Midwest, which provisions are not inconsistent with the foregoing.

(k) The initial Board of Directors of the Foundation to serve following the Closing Date shall be the individuals named on **EXHIBIT B-1** attached hereto, including the Health Midwest representative referred to in Section 1.8 below, and such individuals shall serve for designated one, two or three year terms as set forth on **EXHIBIT B-1**.

(l) The initial Board of Directors to serve as the Board of Visiting Nurse Services following the Closing Date shall be the individuals named on **EXHIBIT B-2** attached hereto, and such individuals shall serve for designated one, two or three year terms as set forth on **EXHIBIT B-2**.

(m) The initial Board of Directors to serve as the Board of VNA Hospice following the Closing Date shall be the individuals named on **EXHIBIT B-3** attached hereto, and such individuals shall serve for designated one, two or three year terms as set forth in **EXHIBIT B-3**.

(n) The initial Board of Directors to serve as the Board of Clinicare Family Health following the Closing Date shall be the individuals named on **EXHIBIT B-4** attached hereto, and such individuals shall serve for designated one, two or three year terms as set forth in **EXHIBIT B-4**.

(o) Upon closing leases between the Foundation and VNA Home Health shall be amended to provide that RMC is the lessee thereunder. Each lease shall extend for a term of not less than one year following closing and shall automatically renew for successive periods of one year each unless written notice of an intent to terminate the lease(s) is given to the Foundation not less than 120 days in advance.

Section 1.6 Merger of VNA Home Health into and with RMC's Home Health Services Department. Subject to the terms and conditions hereinafter set forth and only upon satisfaction of the conditions to Closing established by this Agreement, on the Closing Date, VNA and VNA Home Health shall take all legal actions necessary to merge VNA Home Health into RMC with RMC surviving the merger. Upon merger, Health Midwest shall continue to be the sole member of RMC with the authority to elect the Board of Directors of RMC and with all other rights and privileges of a sole member of a not-for-profit corporation organized under R.S.Mo. Chapter 355. The RMC Board of Directors shall continue to be responsible for operation of RMC's home health services department. Upon merger, the parties intend that the services of VNA Home Health shall become part of RMC's home health services department and that their entire combined operations shall qualify as a hospital based home health services department, duly licensed by the states of Missouri and Kansas and certified by Medicare. The resulting home health department will be an integral and subordinate part of the hospital and will be operated with other parts of the hospital under common licensure, governance and professional supervision.



Section 1.7 Consolidation of VNIT and AME. Subject to the terms and conditions hereinafter set forth and only upon satisfaction of the conditions to Closing established by this Agreement, on or before the Closing Date, VNA, VNIT, the Foundation, Health Midwest and HMDG shall take the legal actions necessary and appropriate to cause \$576,600 of VNIT assets to be distributed to the Foundation through the vehicle of VNA. VNIT shall then dissolve and the infusion therapy and pharmacy business previously conducted by VNIT will in a simultaneous series of transfers be distributed by VNIT to VNA, donated by VNA to HMDG, donated by HMDG to Health Midwest, contributed by Health Midwest to the capital of HMDG and contributed by HMDG to the capital of AME. AME shall amend its corporate bylaws as appropriate and necessary to provide that three (3) representatives of the former VNIT Board shall serve as directors of the AME Board. The initial VNIT representatives to serve on the AME Board shall be the individuals named on **EXHIBIT B** attached hereto and shall be elected by HMDG on the Closing Date. The combined business of VNIT and AME will thereafter be conducted by AME and AME will amend its Articles of Incorporation and Bylaws as necessary and appropriate to change its name to Visiting Nurse Equipment and Infusion Therapy, Inc. ("VNEIT").

Section 1.8 Amendments to Articles of Incorporation and Bylaws of VNA's Remaining Subsidiaries. Subject to the terms and conditions hereinafter set forth and only upon satisfaction of the conditions to Closing established by this Agreement, on the Closing Date, the Foundation, Visiting Nurse Service, VNA Hospice and Clinicare Family Health shall each amend their Articles of Incorporation and/or Bylaws as appropriate and necessary to:

- (a) Establish VNA as the sole member, with the authority to elect its Board of Directors and with all other rights and privileges of a sole member of a corporation organized under R.S.Mo. Chapter 355;
- (b) Adopt Health Midwest's maximum age of service, term limit and conflict of interest provisions, except that (i) the members of the initial Board shall not be subject to the age limitation for their first term of office and (ii) service on the Board prior to the Closing Date shall not be counted for purposes of the successive term limitation;
- (c) Require that upon dissolution, all of the remaining assets after satisfaction of outstanding debts will be distributed to VNA as sole member; provided that VNA then qualifies as an organization exempt from federal income tax under Code §501(c)(3) or any successor provision thereto. If VNA does not then so qualify, distribution of the net assets will be made to such 501(c)(3) tax exempt organizations as the Board may designate by resolution, subject to approval of such resolution by VNA as the sole member;

(d) Adopt the Health Midwest levels of approval authority for capital expenditures and consulting and legal fees. Currently, this will mean the levels of approval authority shown on **EXHIBIT D** attached hereto;

(e) Require that annual budgets adopted by its Board be subject to approval by the VNA Board and the Health Midwest Board(s); and

(f) Establish such other legally appropriate provisions as mutually agreed by VNA and Health Midwest which are consistent with the foregoing.

In addition, the amendment to the Foundation Bylaws will provide for one (1) Health Midwest representative to be nominated by the Health Midwest policy committee to serve as a member of the Foundation Board of Directors. If such individual is an executive employee of a Health Midwest entity, then such individual will not be subject to the term limits adopted pursuant to 1.8(b) above. The initial Health Midwest representative to serve on the Foundation Board following the Closing shall be the individual named on **EXHIBIT B-1** attached hereto and shall be elected by VNA on the Closing Date.

1.9 The Foundation. The historical dedication of the Foundation to VNA shall continue following Closing. Accordingly, the assets of the Foundation shall continue to be committed solely to the delivery of home health services. The Foundation shall remain responsible solely to VNA and shall remain completely separate and apart from any other foundation in the Health Midwest System, and shall have no direct organizational or interrelationship with any other foundation. The Foundation shall continue to work directly with VNA to provide funding support for the delivery of quality home health care in the Kansas City metropolitan community without regard to the ability to pay for services rendered, and its Bylaws shall be amended to reflect this mission and commitment to the community. If Clinicare Family Health, Visiting Nurse Services and other non-hospital based organizations within Health Midwest that provide not-for-profit home care services experience cash shortfalls as a result of providing services without regard to the ability to pay, then funds from the Foundation would be donated to such home care entities to make up the cash shortfall. If, at any time all organizations controlled, directly or indirectly, by Health Midwest, including, but not limited to, VNA, Visiting Nurse Services, Clinicare Family Health, and VNA Home Health within RMC, cease to provide health care services to patients in the home in the greater Kansas City area, then VNA shall resign as the Sole Member of the Foundation and the Foundation's Board of Directors shall become independent and self perpetuating.

## ARTICLE II

### REPRESENTATIONS

Section 2.1 Representations of VNA. VNA represents and warrants as follows:

(a) Corporate Existence and Qualification. VNA and its Subsidiaries are corporations duly incorporated, validly existing and in good standing under the laws of the State of Missouri, and are in good standing in all other jurisdictions in which they are required to be qualified to do business as a foreign corporation.

(b) Authorization, Etc. The execution, delivery and performance by VNA of this Agreement and all related instruments, agreements, and documents has been duly authorized by VNA. The execution, delivery and performance by VNA of these instruments, agreements, and documents is within its corporate power, has been duly authorized by all necessary corporate action, and is not prohibited, restricted, or inhibited by (i) its Articles of Incorporation or Bylaws; (ii) the Articles of Incorporation or Bylaws of any of its Subsidiaries; or (iii) any material law, indenture, contract, instrument or agreement which is binding on VNA or any of its Subsidiaries (other than contracts for which appropriate consents to this transaction have been or prior to the Closing will be obtained). In addition, consummation of the transactions described in this Agreement will not result in any material adverse impact upon the business, finances, prospects, relationships, or agreements of VNA or any of its Subsidiaries.

(c) Approval of Governmental Bodies. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by VNA of this Agreement and all related agreements, instruments and documents, except as set forth in **SCHEDULE 2.1(c)**, attached.

(d) Enforceability of Obligations. This Agreement and all related agreements, instruments and documents are, or upon execution on the Closing Date will be, legal, valid and binding obligations and enforceable against VNA and its Subsidiaries, as applicable in accordance with their respective terms, except to the extent of applicable bankruptcy, moratorium, insolvency, reorganization and other laws and legal principles affecting or limiting creditors' rights generally.

(e) Insider Interests. Except as disclosed on **SCHEDULE 2.1(e)**, no present officer or director of VNA or any of its Subsidiaries (i) owns, directly or indirectly, in whole or in part, any of the properties used in their businesses, (ii) has received a loan or advance from any of them which is currently outstanding, (iii) has any obligation to make any loan to any of them, or (iv) has any other business

relationship with VNA or its Subsidiaries other than in his or her capacity as an officer or director. No present officer or director of VNA or any of its Subsidiaries owns, directly or indirectly, in excess of five percent (5%) of, or controls, or is an employee, officer, director or partner of, or participant in, or consultant to, any corporation, association, partnership, limited partnership, joint venture, or other entity which is a competitor of Health Midwest, VNA or any of their Subsidiaries.

(f) Financial Statements and Records. Consolidated balance sheets of VNA and its Subsidiaries as of June 30, 1993 (audited), and the related consolidated statements of income and retained earnings and changes in financial position for the period then ended, and the separate balance sheets and related statements of income and retained earnings and changes in financial position of VNA and its Subsidiaries for their corresponding fiscal year end and end of month reporting periods, copies of which have been furnished to Health Midwest, fairly present their financial conditions as of such dates and the results of operations for the periods ended on such dates, all in accordance with generally accepted accounting principles which have been applied on a basis consistent with that of the preceding period; and since June 30, 1993, there has been no material adverse change in such conditions or such operations except those described in **SCHEDULE 2.1(f)** hereto. The audited combined balance sheets for VNA and the separate statements for each of its Subsidiaries as of June 30, 1993, copies of which have been furnished to Health Midwest, are based upon accurate information and reasonable assumptions. Except as disclosed in letters to management from independent auditors, all of the books and records of VNA and its Subsidiaries, including, but not limited to, their stock record books, minute books, Bylaws, financial records, and books of account, are accurate and complete in all material respects.

(g) Compliance with Law and Other Regulations. VNA, its Subsidiaries and their activities as presently conducted are substantially in compliance with the requirements of all governmental bodies or agencies having jurisdiction over them, the conduct of their business, the use of their properties and assets, and all premises occupied by them, and, without limiting the foregoing, VNA and its Subsidiaries have all required licenses, permits, certificates, registrations and authorizations needed for the conduct of their business and the use of their properties and the premises occupied by them. **SCHEDULE 2.1(g)** sets forth each such material license, permit, certificate, registration, or authorization, and the applicable expiration date, if any. VNA has delivered or made available or will prior to the Closing deliver or make available to Health Midwest true and correct copies of such licenses, permits, certificates, registrations and authorizations, as well as the most recent fire, safety and other inspection reports relating to the businesses operated by VNA and its Subsidiaries. There is no act or omission on the part of VNA or any of its Subsidiaries occurring on or before the date hereof which would subject any of them to the likelihood of any fine or suspension. Except as set forth in **SCHEDULE**

2.1(g), VNA and its Subsidiaries have not received any notice, except those complied with by them or waived by the responsible authority, from any federal, state or other governmental authority or agency having jurisdiction over their properties or activities, or any insurance or inspection body, that their operations or any of their properties, facilities, equipment, or business procedures or practices fail to comply with any applicable law, ordinance, regulation, building or zoning ordinance, code, or regulation, or requirement of any public authority or body.

(h) Litigation. Except as disclosed on SCHEDULE 2.1(h), there is no pending or threatened action or proceeding to which VNA or any of its Subsidiaries is or would be a party before any court, governmental agency or arbitrator, an adverse determination of which would have a material adverse effect upon any of them. No such judgment, order or decree has been entered which has, or will have, such effect. There is no claim, action or proceeding now pending or threatened before any court, administrative or regulatory body, or any government agency, which will, or could, prevent or hamper the consummation of the transactions contemplated by this Agreement.

(i) Fraud and Abuse. VNA and its Subsidiaries have not received any notice of any investigation nor is any of them the subject of any pending action or proceeding which alleges that any of them have engaged in any activities which are prohibited under 42 U.S.C. §1320a-7b, or the regulations promulgated pursuant to such statute or related state or local statutes or regulations or which are prohibited by rules of professional conduct, including, but not limited to, any notices or pending investigations or proceedings which allege that any of them has engaged in any of the following: (i) knowingly and willfully making or causing to be made a false statement or representation of a material fact in any application for any benefit or payment under Medicare or any State health care program, as defined in 42 U.S.C. §1320a-7; (ii) knowingly and willfully making or causing to be made any false statement or representation of a material fact for use in determining rights to any benefit or payment under Medicare or any State health care program; (iii) failure to disclose knowledge by a claimant of the occurrence of any event affecting the initial or continued right to any benefit or payment on its own behalf or on behalf of another, with intent to fraudulently secure such benefit of payment under Medicare or any State health care program; or (iv) knowingly and willfully soliciting or receiving any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind or offering to pay such remuneration (A) in return for referring an individual to a person for the furnishing of any item or service for which payment may be made in whole or in part by Medicare or any State health care program, or (B) in return for recommending, purchasing, leasing or ordering any good, facility, service or item for which payment may be made in whole or in part by Medicare or any State health care program.

(j) Existing Indebtedness. VNA and its Subsidiaries do not have any existing indebtedness of any type except (i) that which was set forth on the combined audited balance sheets of VNA and its Subsidiaries as of June 30, 1993, (ii) that which was incurred in the ordinary course of business since such date, and (iii) that which is described on **SCHEDULE 2.1(j)** hereto.

(k) Leases. VNA and its Subsidiaries have no interest, either as lessee or lessor, in any existing leases of personal or real property which are not terminable on thirty (30) days notice, except as described on **SCHEDULE 2.1(k)** hereto, which schedule shall be updated and delivered to Health Midwest at the time of any material change in the leases described therein. All rentals due under said leases as to which VNA or any of its Subsidiaries is tenant or lessee have been paid and there exists no material default by VNA or any of its Subsidiaries under the terms of said leases, and no event has occurred which, upon passage of time or the giving of notice, or both, would result in any such default or prevent VNA or any of its Subsidiaries from exercising and obtaining the benefits as tenant of any options contained therein. Except as identified in **SCHEDULE 2.1(k)**, all such leases are valid and in full force and effect.

(l) Outstanding Guaranties. Except as disclosed on **SCHEDULE 2.1(l)** or on the consolidated audited financial statements, VNA and its Subsidiaries have no guaranties outstanding by which any of them guarantees any indebtedness or any liability of any person or entity.

(m) Taxes; Exempt Status. VNA and its Subsidiaries have filed all required federal and other tax returns and paid any taxes due pursuant thereto or pursuant to any assessment received by any of them, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. Except as disclosed on **SCHEDULE 2.1(m)**, no audit of any federal, state or city income tax returns or other tax returns of VNA or any of its Subsidiaries is in progress, pending, or threatened.

True copies of all federal, state and local income tax, property tax, sales tax, Form 990, and other tax returns, tax examination and audit reports, and statements of deficiencies assessed against or agreed to by VNA and its Subsidiaries since June 30, 1990 have been provided to Health Midwest. All such tax returns were based upon accurate information and were prepared in substantial conformity with the applicable tax laws. All deficiencies assessed against VNA and its Subsidiaries have been paid or are being contested in good faith and are appropriately reserved against on the June 30, 1993 financial statements.

Copies of the Internal Revenue Service determination letters confirming that VNA and its Subsidiaries are organizations exempt from federal income tax under §501(c)(3) of the Code and copies of all other exemption letters issued to VNA by taxing authorities have been provided to Health Midwest. Neither VNA nor any of its Subsidiaries has received any notice of any investigation nor is it the subject of any pending action or proceeding which alleges that it is in violation of or questions its compliance with any of the requirements of §501(c)(3) of the Code or any other provision of the Code or state law which are conditions to the continued maintenance of its tax exempt status under federal or state law. Except as disclosed on **SCHEDULE 2.1(m)**, no audit of the exempt status of VNA or any of its Subsidiaries is in progress, pending, or threatened by any federal, state or local authority.

(n) Employee Plans; Employment Contracts; Labor Matters. VNA and its Subsidiaries have, and at the Closing Date will have, no "employee pension benefit plan" as that phrase is defined in Section 3(2) of ERISA (herein called a "Plan"), except a defined contribution/benefit pension plan meeting the requirements of ERISA and the Code (herein called "Pension Plan"). VNA and its Subsidiaries have, and at the Closing Date will have, no obligations, contingent or otherwise, written or oral, which are not cancelable upon thirty (30) days notice, under any employment contract, collective bargaining agreement, nonqualified pension or retirement plan, bonus plan, stock option or purchase plan, or other contract or nonterminable agreement benefiting employees generally, group insurance, group hospitalization, or other employee benefit plan other than those listed in **SCHEDULE 2.1(n)**, true and correct copies, certificates or descriptions of which have been delivered to Health Midwest. VNA and its Subsidiaries have performed all obligations required to be performed under the Pension Plan and all such other agreements and plans and are not in default or in arrears in any material respect under any of the terms thereof. Except as set forth in **SCHEDULE 2.1(n)**, VNA and its Subsidiaries have not within the past three (3) years engaged in discussions with respect to any collective bargaining agreement and have not been the subject of any election with respect to the unionization of any of their employees, nor are any such discussions or elections now pending, contemplated by them, or threatened by others. VNA and its Subsidiaries have substantially complied with all applicable federal and state laws relating to the employment of labor, including, but not limited to, the provisions thereof relative to wages, hours, collective bargaining, discrimination and occupational safety and health standards, and are not liable for any arrears of wages or other penalties for failure to comply with any of the foregoing, which liability or failure to comply would have a material adverse effect upon any of them. VNA and its Subsidiaries have not received any notice of noncompliance with any of the foregoing.

(o) Title to and Condition of Assets. VNA and its Subsidiaries have, and at the Closing Date will have, good and marketable title to all property and assets purported to be owned by them, subject only to those options, rights of first refusal,

liens, restrictions, encumbrances, pledges, and security interests described on SCHEDULE 2.1(o). Except as disclosed on SCHEDULE 2.1(o), the property and assets of VNA and its Subsidiaries are in good condition and repair in all material respects, free of significant defects of materials or workmanship, and are without the present need for any major (ie: in excess of \$25,000 in any one instance or more than \$50,000 above the current fiscal year budget in the aggregate) replacement equipment, repairs, construction, or reconditions being required by any of them.

(p) Contracts and Commitments. Except as set forth or described in SCHEDULE 2.1(p) hereto, VNA and its Subsidiaries do not have and at the Closing Date will not have any contracts or agreements which are not cancelable upon thirty (30) days notice including, but without limiting the generality of the foregoing, any commitments or obligations, contingent or otherwise, under any contract or agreement (i) for the purchase or sale of inventory, (ii) for the purchase or sale of supplies, services or other items, (iii) for the purchase or sale of any equipment or machinery, or (iv) for the performance of services for others; and at the Closing Date VNA and its Subsidiaries will not have any such commitment or obligation except those incurred in the ordinary course of business, those listed in the aforesaid SCHEDULE 2.1(p), or those consented to in writing by Health Midwest. VNA and its Subsidiaries have performed all obligations required to be performed under any such contract or agreement and are not in default or in arrears in any material respect under the terms thereof. Except as disclosed on SCHEDULE 2.1(p), none of them has received notice of any default or failure of performance under any such contract or agreement, which default or failure has not been waived or cured. Each such contract or agreement is in full force and effect on the date hereof and true and correct copies of each thereof have been or will be, prior to the Closing, made available or delivered to Health Midwest.

(q) Accounts Receivable; Reserves. The accounts receivable of VNA and its Subsidiaries reflected on the June 30, 1993 financial statements are, and those existing on the Closing Date (i) shall be, comprised of valid claims in the full amount thereof against the debtor charged therewith on their books; (ii) except as disclosed on such financial statements or otherwise disclosed to Health Midwest, shall all have been acquired in the ordinary course of business; (iii) shall be subject to no known defenses, set-offs or counterclaims; and (iv) shall be collectible in full, less the reserves for bad debts and third party payor adjustments reflected on the June 30, 1993 balance sheets and on the balance sheets to be delivered to Health Midwest between the date of this Agreement and the Closing Date.

(r) Insurance Coverages. VNA and its Subsidiaries maintain in full force and effect, with no premium arrearages, insurance policies with the companies in the amounts and providing the coverages set forth in SCHEDULE 2.1(r). True and correct copies of all such policies, any endorsements thereto, and of all insurance



facility inspection reports have been or will be, prior to the Closing, made available or delivered to Health Midwest. All such policies are in full force and effect, and consummation of the transactions contemplated herein shall not prevent Health Midwest from continuing such policies on substantially the same terms in the future.

(s) Bank Accounts. SCHEDULE 2.1(s) hereto contains a true and complete list as of June 30, 1993 of all accounts of VNA and its Subsidiaries with banks, trust companies, savings and loan associations, brokerage houses, and money managers, and the names of all persons authorized to draw thereon or to have access thereto.

(t) Trademarks, Trade Names, Etc. SCHEDULE 2.1(t) hereto sets forth all, if any, of the trademarks, trade names, service marks, patents, copyrights, registrations of VNA and its Subsidiaries, or applications with respect thereto, and licenses or rights under the same presently owned, used or intended to be acquired or used by any of them, and to the extent set forth in SCHEDULE 2.1(t), the same have been duly registered in such offices as are indicated thereon.

(u) Accuracy of Information. The financial materials, schedules and other materials supplied and to be supplied to Health Midwest pursuant to this Agreement are and shall be substantially complete and correct in all material respects, include and shall include all material facts required to describe fairly and accurately the business and properties of VNA and its Subsidiaries, and do not and shall not omit any material fact necessary to make such materials not misleading.

(v) Reports and Returns. VNA and its Subsidiaries have timely filed all reports and returns heretofore required by federal, state or municipal authorities and all reports and returns to the various governmental authorities which control, directly or indirectly, any of their activities. All such reports and returns are based upon accurate information and reasonable assumptions and were prepared and filed in the manner prescribed by applicable law and/or regulation.

(w) Additional Documents Supplied by VNA. VNA has delivered or made available, or will deliver or make available before Closing, to Health Midwest true and exact copies of (i) all cost reports VNA and its Subsidiaries have filed with Medicare and Medicaid for the last three (3) years, as well as all correspondence and other documents relating to any disputes and/or settlements with Medicare or Medicaid within the last three (3) years, and (ii) all appraisal reports, surveys or other documents which evaluate or describe any of the properties and assets of VNA or its Subsidiaries within the last three (3) years, and (iii) all reports they and their predecessors in interest have filed with the U.S. Department of Health and Human Services, the U.S. Drug Enforcement Administration, Missouri Division of Health, Kansas Department of Health and Environment, and Missouri Health Facilities

Review Committee, as well as all correspondence and other documents relating to any audits, disputes, and/or settlements with any of these governmental agencies within the last three (3) years.

(x) Subsidiaries, Partnerships and Investments. Except as disclosed in SCHEDULE 2.1(x) hereto, (i) VNA and its Subsidiaries do not own capital stock or other securities of, or any equity interests or investment in, any nonpublicly traded corporation, partnership, joint venture, or other entity; (ii) all such equity interests in each of the corporations, partnerships, joint ventures and other entities named in such SCHEDULE 2.1(x) are owned free and clear of all mortgages, liens, pledges, charges, security interests, encumbrances, options, rights of third parties, charges and restrictions whatsoever (collectively "Liens") other than those disclosed on SCHEDULE 2.1(x), all of which would not materially adversely effect the operations of VNA or such entities.

(y) Hazardous Substances. All real property, buildings and other improvements thereon owned by VNA and its Subsidiaries (for purposes of this Section 2.1(y), collectively referred to as the "property") have never been and are not currently used as a site for the storage or disposal of solid waste, infectious waste, petroleum products, pesticides, PCBs, asbestos, toxic substances or materials or hazardous substances or materials (herein collectively referred to as "hazardous substances"), except for the temporary storage of any such materials pending proper disposal. Except for the generation of hazardous substances, which have been and are being disposed of in compliance with applicable environmental laws, the property has never been and is not currently used as a site for the generation of hazardous substances. Except as disclosed on SCHEDULE 2.1(y), no underground fuel storage tanks have ever been nor are they currently located on or within the property. VNA and its Subsidiaries and the property, including any underground fuel storage tanks located within the property, are in full compliance with all environmental laws, and no event has occurred that would constitute non-compliance thereof, whether upon the giving of notice or passage of time or both. No governmental agency or authority has issued any notices or claims or commenced any proceedings regarding or alleging the existence, storage or disposal of hazardous substances on the property, or the discharge or release of hazardous substances from the property. For purposes hereof, "applicable environmental laws" shall mean the Resource Conservation and Recovery Act of 1981 (as amended) ("RCRA"), the Comprehensive Environmental Response Compensation and Liability Act of 1980 (as amended) ("CERCLA"), the Hazardous Waste Management Act of 1978 (as amended), the Clean Air Act of 1970 (as amended), and any other environmental laws of the United States, the State of Missouri, and the ordinances of any applicable county or municipality, and "hazardous substance" and "release" shall have the meaning specified in such applicable environmental laws.

Section 2.2 Health Midwest's Representations. Health Midwest represents and warrants as follows:

(a) Corporate Existence and Qualification. Health Midwest, HMDG, HMVG, RMC and AME are corporations duly incorporated, validly existing and in good standing under the laws of the State of Missouri, and are in good standing in all other jurisdictions in which they are required to be qualified to do business as a foreign corporation.

(b) Authorization, Etc. The execution, delivery and performance by Health Midwest, HMDG, HMVG, RMC and AME of this Agreement and all related instruments, agreements, and documents have been duly authorized by such corporations. The execution, delivery and performance by Health Midwest, HMDG, HMVG, RMC and AME of these instruments, agreements, and documents are within its corporate powers, has been duly authorized by all necessary corporate action, and is not prohibited, restricted, or inhibited by (i) the Articles of Incorporation or Bylaws of Health Midwest, HMDG, HMVG, RMC or AME; or (ii) any law, indenture, contract, instrument or agreement which is binding on Health Midwest, HMDG, HMVG, RMC or AME (other than contracts for which appropriate consents to this transaction have been or prior to the Closing will be obtained).

(c) Approval of Governmental Bodies. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Health Midwest, HMDG, HMVG, RMC and AME of this Agreement and all related agreements, instruments and documents.

(d) Enforceability of Obligations. This Agreement and all related agreements, instruments and documents are, or upon execution at the Closing will be, legal, valid and binding obligations and enforceable against Health Midwest, HMDG, HMVG, RMC and AME as applicable in accordance with their respective terms, except to the extent of applicable bankruptcy, moratorium, insolvency, reorganization and other laws and legal principles affecting or limiting creditors' rights generally.

(e) Financial Statements. Consolidated balance sheets of Health Midwest as of December 31, 1992 (audited) and December 31, 1993 (unaudited), and the related consolidated statements of income and retained earnings and changes in financial position for the period then ended, copies of which have been furnished to VNA, fairly present its financial condition as of such dates and the results of operations for the periods ended on such dates, all in accordance with generally accepted accounting principles which have been applied on a basis consistent with that of the preceding period; and since December 31, 1993, there has been no material adverse change in such condition or such operations except those described in

SCHEDULE 2.2(e) hereto. The unaudited combined balance sheet for Health Midwest as of December 31, 1993, and the unaudited combined statements of operations for the year ended December 31, 1993, and the audited combined balance sheet and combined statements of operations for the fiscal year ended December 31, 1992, copies of which have been furnished to VNA, are based upon accurate information and reasonable assumptions.

(f) Outstanding Guaranties. Health Midwest has no guaranties outstanding by which it guarantees any indebtedness or any liability of any other person or entity other than guaranties of obligations of Health Midwest subsidiaries and the guaranties described on the consolidated financial statements of Health Midwest.

(g) Exempt Status. Neither Health Midwest, HMDG, nor RMC has received any notice of any investigation nor is the subject of any pending action or proceeding which alleges that it is in violation of or questions its compliance with any of the requirements of §501(c)(3) of the Code or any other provision of the Code or state law which are conditions to the continued maintenance of its tax exempt status under federal or state law.

(h) Accuracy of Information. The financial materials, schedules and other materials supplied and to be supplied to VNA pursuant to this Agreement are and shall be substantially complete and correct in all material respects, include and shall include all material acts required to describe fairly and accurately the financial condition of Health Midwest, and do not and shall not omit any material fact necessary to make such materials not misleading.

### ARTICLE III

#### CONDUCT OF BUSINESS PENDING CLOSING: CONFIDENTIALITY

Section 3.1 Affirmative Covenants. From and after the signing of this Agreement and continuing until the Closing Date, VNA shall and shall cause each of its Subsidiaries to:

(a) Compliance with Laws. Comply in all material aspects with all applicable laws, rules, regulations, and orders, including, but not limited to, federal and state laws, rules and regulations applicable to home health agencies, Medicare and Medicaid, the Code, and ERISA.

(b) Financial and Other Reports. Furnish to designated representatives of Health Midwest:

(i) promptly following preparation thereof, monthly unaudited financial statements of their operations, together with all management information support data to be provided to their directors for each such month, including, but not limited to, monthly cash position reports, monthly patient activity reports, health care utilization pattern reports by service, and as otherwise reported, productivity pattern reports such as FTE by department or service, and liability issue reports;

(ii) promptly after the filing or receiving thereof, copies of any and all reports and notices which they or any of their subsidiaries file under ERISA with the Pension Benefit Guaranty Corporation ("PBGC"), the U.S. Department of Labor, or the Internal Revenue Service, or which they or the Pension Plan receives from PBGC, the U.S. Department of Labor, or the Internal Revenue Service, and which specifically address the Pension Plan (and are not general mailings to all Plan sponsors);

(iii) promptly after the filing or receiving thereof, copies of any and all reports, notices, and correspondence which they file with or receive from federal and state agencies regulating their business and which specifically address their operations and are not general mailings to their industry; and

(iv) promptly after the filing or receiving thereof, copies of all tax returns, reports, notices and correspondence which they or any of their subsidiaries file with or receive from the Internal Revenue Service, the Missouri Department of Revenue, and any other federal, state or local agency with taxing authority over any of them, except for general mailings to taxpayers.

(c) Preservation of Business and Corporate Existence. Use reasonable care to operate their businesses in the manner necessary to maintain the goodwill of their physicians, personnel, allied health professionals, patients, third party payors, customers and suppliers and their reputation in the communities they serve; maintain in good standing their corporate existence and right to transact business in those states in which they are now or may hereafter be doing business; maintain their status as an organization exempt from federal income tax under §501(c)(3) of the Code; and maintain all licenses, permits and registrations necessary to or required for the conduct of their businesses.

(d) Insurance. Insure and keep insured at all times with good and responsible insurance companies: (i) all of their property of an insurable nature, including, without limiting the generality of the foregoing, all real estate, equipment, fixtures and inventories, against fire and other casualties in such manner and to the extent that like properties are usually insured by others operating properties of a

similar character in a similar locality; and (ii) against liability on account of damage to persons or property (including professional and general liability insurance and under all applicable worker's compensation laws) in such manner and to the extent that like risks are usually insured by persons conducting similar businesses.

(e) Payment of Taxes. Pay and discharge, before they become delinquent, all taxes, assessments and other governmental charges imposed upon VNA or any of its Subsidiaries, or any of their properties, or any part thereof, or upon the income or profits therefrom and all claims for labor, materials or supplies which if unpaid might be or become a lien or charge upon any of such property, except such items as they are in good faith appropriately contesting and as to which they have provided adequate reserves.

(f) Maintenance of Properties and Leases. Use reasonable care to maintain, preserve and keep their properties and every part thereof in good repair, working order and condition, from time to time; make all needful and proper repairs, renewals, replacements, additions, betterments and improvements thereto; and maintain all leases of real or personal property in good standing, free of any defaults thereunder.

(g) Notice of Material Adverse Effect. Give prompt notice in writing to Health Midwest of any nonobservance of any of the covenants in this Article III or any development or the occurrence of any event, financial or otherwise, which constitutes a default under any agreement relating to borrowed money or which may or shall materially adversely affect the business, properties or affairs of VNA or any of its Subsidiaries, or VNA's ability to perform its obligations under this Agreement or any other agreements, instruments, or documents related thereto.

(h) Regular Meetings of Chief Officers. The Chief Executive Officer of VNA and a Senior Management Officer of Health Midwest and such other personnel as they deem appropriate shall meet on a regular basis as appropriate to review VNA financial and management reports, short-term and long-term planning, and results of operations.

Section 3.2 Actions Requiring Consent. From and after signing of this Agreement and prior to the Closing Date, except as otherwise consented to or approved in writing, VNA and its Subsidiaries shall not:

(a) enter into, renew, amend, or terminate any contract or agreement to which any of them is a party and which : (i) is with any third party payor of health care services, including any HMO, PPO, insurance company, employer or union fund, and governmental agency; (ii) involves expenditure or receipt of more than

\$5,000 (other than provision of patient care services in the ordinary course of business); or (iii) is for a term exceeding one (1) year;

(b) sell, lease or transfer all or a substantial part of their properties or assets or subject the same to a mortgage, pledge, lien or other encumbrance;

(c) incur any other contractual obligation or liability, absolute or contingent, other than current liabilities incurred in the ordinary course of business, or make any loans or advances to any person, firm or corporation which is not a subsidiary of VNA, or assume, guarantee, endorse or otherwise become liable for the obligations of any person, firm or corporation which is not a subsidiary of VNA; or

(d) agree to settle any pending or threatened malpractice or general liability litigation or claims against any of them, except for those settlements which are covered by insurance policies where the insurer has recommended settlement and the cost to VNA is limited to applicable deductibles.

Section 3.3 Access to Properties and Records. Following execution hereof and prior to the Closing Date, VNA (a) will give to Health Midwest and its representatives full access upon reasonable prior notice, during ordinary business hours to the premises, records, minute books, books of account, contract records and tax records of VNA and its Subsidiaries, and (b) will furnish to Health Midwest all information with respect to the operations and affairs of VNA and its Subsidiaries as Health Midwest may from time to time reasonably request. Health Midwest shall be entitled to conduct a physical inspection and environmental assessment of all real property, buildings, improvements, machinery and equipment of VNA and its Subsidiaries and to review their books and records pertaining to all such assets and properties. VNA agrees to make the same available to Health Midwest and its agents for review during normal business hours upon Health Midwest's request made a reasonable time in advance. Health Midwest shall make such physical inspection, environmental assessment and review of books and records at its cost. Health Midwest shall conduct its review and inspection of operations, assets, books, records and properties of VNA and its Subsidiaries in a manner so as not to materially interfere with the conduct of their operations.

Section 3.4 Confidentiality and Publicity. Health Midwest and VNA, on behalf of themselves and their related entities, mutually agree that:

(a) Any confidential or proprietary matters (except publicly available or freely usable material as otherwise obtained from another source who was rightfully in possession of and entitled to disseminate such material) respecting either party or their respective related entities will be kept in strict confidence by the other party to this Agreement, and shall not be used or disclosed by the other party if the transaction contemplated by this Agreement is not consummated. The provisions of this Section 3.4 shall survive termination of this Agreement. In the event of termination of this

Agreement, each party shall use all reasonable efforts to return, upon request, to the other party, all documents (including reproductions thereof) received from or at the direction of the other party (and, as to reproductions, all reproductions made by or on behalf of the receiving party) that include any information not within the exceptions contained in the first sentence of this Section 3.4; and

(b) Neither party will issue any public announcement concerning the transaction contemplated by this Agreement without the prior approval of the other party.

#### ARTICLE IV

##### CONDITIONS PRECEDENT TO CLOSING

Closing of this transaction shall not occur unless all of the conditions precedent set forth in this Article IV shall have been satisfied or waived in writing on or before the Closing Date.

Section 4.1 Conditions Precedent to Health Midwest's Obligation to Close. Health Midwest shall not be obligated to close unless all of the following conditions are satisfied on or before the Closing Date or Health Midwest elects to waive in writing any condition which has not been satisfied:

(a) Correctness of Representations and Compliance with Agreement. All of the representations of VNA contained in this Agreement shall be true as of the date of this Agreement and shall be deemed to have been made again at and as of the Closing Date, and shall then be true in all respects, and VNA shall have caused all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing to be so performed or complied with;

(b) Opinion of Counsel. Health Midwest shall have been furnished with the opinion of counsel to VNA and its Subsidiaries, in the form and substance reasonably satisfactory to Health Midwest, dated the Closing Date, to the effect set forth in **SCHEDULE 4.1(b)** attached hereto.

(c) No Action, Etc. No action or proceeding shall have been brought or threatened before any court or administrative agency to prevent the consummation of, or to seek damages in a material amount by reason of the transactions contemplated hereby, and no governmental authority shall have asserted in writing that the within transaction (or any other pending transaction involving Health Midwest, HMDG, HMVG, RMC and AME when considered in light of the effect of the within transaction) shall constitute a material violation of law or give rise to material liability on the part of any of them;



(d) Legal Matters. All actions, proceedings, instruments and documents required to carry out this Agreement and all other related legal matters, instruments and documents required to carry out this Agreement or incidental hereto shall have been approved by legal counsel to Health Midwest, which approval shall not be unreasonably withheld, and Health Midwest's legal counsel shall have been furnished with all actions, documents and instruments as they shall have reasonably requested in connection with the transactions contemplated herein;

(e) Incumbency Certificates. Health Midwest shall have received incumbency certificates, dated as of the Closing Date, certifying the incumbency of each officer and director of VNA and its Subsidiaries, and containing specimens of the signatures of the officers who are signing documents to be delivered on the Closing Date;

(f) Certified Resolutions. VNA shall have furnished resolutions, certified by the appropriate officers, (i) of VNA authorizing execution of this Agreement and the transactions contemplated hereby, (ii) of VNA amending its Articles and Bylaws in the manner required by Section 1.5, (iii) of VNA Home Health approving its merger into RMC as described in Section 1.6, (iv) of VNIT and VNA approving the consolidation of VNIT and AME in the manner described in Section 1.7, (v) of the Foundation, Visiting Nurse Services, VNA Hospice and Clinicare Family Health amending their Articles of Incorporation and Bylaws in the manner required by Section 1.8, and (vi) of VNA electing to the various VNA subsidiary boards the individuals identified on **EXHIBITS B-1 through B-4** attached hereto.

(g) Governmental Compliance. The parties shall have complied with the preclosing requirements, if any, of the U.S. Department of Health and Human Services, the Missouri Division of Health, the Kansas Department of Health and Environment, the Missouri Health Facilities Review Committee, and any other governmental agency with jurisdiction to regulate the business of VNA or Health Midwest;

(h) Lender Approvals. The parties shall have received written approval of the transaction by any lender or party which may have an agreement with Health Midwest, VNA or any of its Subsidiaries which limits or restricts the obligations, covenants and conditions to be observed or performed by Health Midwest and VNA hereunder;

(i) Due Diligence Review and Strategic Plan. Health Midwest shall have completed its due diligence review of the financial condition, business, operations, prospects and relationships of VNA and its Subsidiaries to Health Midwest's reasonable satisfaction. The strategic plan to be mutually developed and agreed to

pursuant to Section 1.1 of this Agreement shall have been completed and received approval by the Health Midwest Board of Directors.

Section 4.2 Conditions Precedent to the Obligations of VNA to Close. VNA shall not be obligated to close unless all of the following conditions are satisfied on or before the Closing Date or VNA elects to waive in writing any condition which has not been satisfied:

(a) Correctness of Representations and Compliance with the Agreement.

All of the representations of Health Midwest contained in this Agreement shall be true as of the date of this Agreement and shall be deemed to have been made again at and as of the time of the Closing, and shall then be true in all material respects, and Health Midwest shall have caused all agreements, covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing to be so performed or complied with;

(b) Opinion of Counsel. VNA shall have been furnished with the opinion of counsel to Health Midwest, HMDG, HMVG and RMC in form and substance reasonably satisfactory to VNA, dated the Closing Date, to the effect set forth in SCHEDULE 4.2(b) attached hereto;

(c) No Action, Etc. No action or proceeding shall have been brought or threatened before any court or administrative agency to prevent the consummation of, or to seek damages in a material amount by reason of the transaction contemplated hereby, and no governmental authority shall have asserted in writing that the within transaction (or any other pending transaction involving VNA, when considered in light of the effect of the within transaction) shall constitute a material violation of law or give rise to material liability on the part of VNA;

(d) Legal Matters. All actions, proceedings, instruments and documents required to carry out this Agreement and all other related legal matters, instruments and documents required to carry out this Agreement or incidental hereto shall have been approved by legal counsel to VNA, which approval shall not be unreasonably withheld, and such counsel shall have been furnished with all such actions, documents and instruments as they shall have reasonably requested in connection with the transactions contemplated herein.

(e) Incumbency Certificates. VNA shall have received incumbency certificates, dated as of the Closing Date, certifying the incumbency of each officer and director of Health Midwest, HMDG, HMVG and RMC and containing specimens of the signatures of each of the officers who are signing documents to be delivered at the Closing;

(f) Certified Resolution. Health Midwest shall have furnished resolutions, certified by the appropriate officers, (i) of Health Midwest, HMDG, HMDG and RMC authorizing execution of this Agreement and the transactions contemplated hereby, (ii) of RMC, HMDG, and HMDG amending their Bylaws as required by Section 1.4, (iii) of RMC approving the merger with VNA Home Health as described in Section 1.6, (iv) of HMDG, HMDG, Health Midwest AME and such other appropriate Health Midwest entities implementing the consolidation of AME and VNIT in the manner required under Section 1.7., and (v) of Health Midwest and HMDG electing the various VNA representatives to the various Health Midwest Boards as shown on EXHIBIT B attached hereto;

(g) Governmental Compliance. The parties shall have complied with the preclosing requirements, if any, of the U.S. Department of Health and Human Services, the Missouri Division of Health, the Kansas Department of Health and Environment, the Missouri Health Facilities Review Committee, and any other governmental agency with jurisdiction to regulate the business of Health Midwest and VNA;

(h) Lender Approvals. The parties shall have received written approval of the transaction by any lender or party which may have an agreement with Health Midwest, HMDG, HMDG, RMC, VNA or any of its Subsidiaries which limits or restricts the obligations, covenants and conditions to be observed or performed by them hereunder; and

(i) Due Diligence Review and Strategic Plan. VNA shall have completed its due diligence review of the financial condition, business, operations, prospects, and relationships of Health Midwest to VNA's reasonable satisfaction. The strategic plan to be mutually developed and agreed to pursuant to Section 1.1 of this Agreement shall have been completed and received approval by the VNA Board of Directors.

## ARTICLE V

### CLOSING

Section 5.1 Time and Place. Unless otherwise agreed to by the parties, the Closing under this Agreement for the Integration of VNA and Its Subsidiaries into the Health Midwest System shall take place at the offices of VNA, 527 W. 39th Street, Kansas City, Missouri, on August 3, 1994, at 9:00 a.m., local time. All references in this Agreement, its exhibits and schedules, and in the agreements, instruments and documents delivered pursuant hereto, to the Closing or the Closing Date shall mean August 3, 1994, or such other date as the parties mutually agree. Notwithstanding the foregoing, to the extent feasible for

accounting purposes the Closing shall be deemed effective as of the close of business July 31, 1994.

Section 5.2 Deliveries. At the Closing:

(a) VNA Deliveries. VNA shall deliver to Health Midwest:

(i) The certified resolutions required by Section 4.1(f);

(ii) Certificates of Good Standing or corporate existence of VNA, and its Subsidiaries issued by the Missouri Secretary of State, dated not more than thirty (30) days prior to the Closing Date;

(iii) The legal opinion of VNA's counsel as required by Section 4.1(b) hereof;

(iv) Duplicate originals of the Articles of Amendment effecting modification of the Articles of Incorporation of VNA, the Foundation, Visiting Nurse Service, VNA Hospice and Clinicare Home Health as required by Sections 1.5 and 1.8 and in the form and executed in the manner specified by R.S.Mo. §355.070 and R.S.Mo. §355.075 for filing by the parties with the Missouri Secretary of State. Following Closing, VNA shall cause the Missouri Secretary of State to issue to Health Midwest Certificates of Amendment evidencing the filing of such Amended Articles of Incorporation;

(v) Duplicate originals of the Articles of Merger effecting the merger of VNA Home Health into RMC in the form and executed in the manner specified by R.S.Mo §355.195, 355.200, §355.205, and 355.210 for filing by the parties with the Missouri Secretary of State. Following Closing, VNA shall cause the Missouri Secretary of State to issue to Health Midwest Certificates of Merger evidencing the filing of such Articles of Merger;

(vi) The documentation necessary to effect the consolidation of AME and VNIT as described in Section 1.7, in the form and executed in the manner required by applicable Missouri law;

(vii) The incumbency certificates required by Section 4.1(e) hereof;

(viii) The Bylaws of VNA, the Foundation, Visiting Nurse Service, VNA Hospice and Clinicare Home Health amended in the manner required by this Agreement and certified by their respective Secretaries to have been duly adopted by their respective Boards of Directors; and

(ix) Any such other documentation as counsel to Health Midwest may reasonably request.

(b) Health Midwest Deliveries. Health Midwest shall deliver to VNA:

(i) The certified resolutions required by Section 4.2(f);

(ii) Certificates of Good Standing or corporate existence of Health Midwest, HMDG, HMDG, HMDG and RMC issued by the Missouri Secretary of State, dated not more than thirty (30) days prior to the Closing Date;

(iii) The legal opinion of counsel to Health Midwest, HMDG, HMDG and RMC as required by Section 4.2(b) hereof;

(iv) The incumbency certificates required by Section 4.2(e) hereof;

(v) The Bylaws of RMC, HMDG, and HMDG amended in the manner required by Section 1.4 and certified by their respective Secretaries to have been duly adopted by their respective Boards of Directors;

(vi) The Bylaws of AME amended in the manner required by Section 1.7 and certified by its Secretary to have been duly adopted by its Board of Directors or sole shareholder and duplicate originals of Articles of Amendment to the AME Articles of Incorporation effecting the change of name of AME to VNEIT in the form and executed in the manner specified by R.S.Mo. §355.070 and R.S.Mo. §355.075 for filing by the parties with the Missouri Secretary of State. Following closing, Health Midwest shall cause the Missouri Secretary of State to issue to VNA a Certificate of Amendment evidencing the filing of such amended Articles of Incorporation; and

(vii) Any such other documentation as counsel to VNA may reasonably request.

## ARTICLE VI

### MISCELLANEOUS

Section 6.1 Further Assurances. Each party hereto shall execute such further instruments and documents as counsel for the other party may reasonably require to carry out actively the transactions contemplated hereby and to evidence the fulfillment of the covenants contained herein and the performance of all conditions to the consummation of the transactions.

Section 6.2 Representations and Agreements Do Not Survive Closing.

(a) Except as otherwise set forth in Section 6.2(b) below, the representations and agreements of the parties set forth herein and in the certificates to be delivered at the Closing shall not survive the termination of this Agreement nor shall they survive the Closing and, following termination of this Agreement or the Closing, as the case may be, no party shall have a cause of action or any other remedy based upon the noncompliance of any party with any provision of this Agreement or based upon the omission, untruth or misleading nature of any representation made hereunder. Health Midwest and VNA shall each rely upon their own investigation in determining whether or not to close the transactions contemplated hereunder.

(b) The provisions of Article I, the provisions of Section 3.4, the provisions of this Section 6.2, and the provisions of Sections 6.3 through and including Section 6.11 shall survive the Closing.

Section 6.3 Entire Agreement; Construction; Counterparts. This Agreement, including the financial statements, the Exhibits hereto, and the Schedules delivered pursuant thereto, constitutes the entire agreement of the parties and may not be changed, terminated or discharged orally. The headings appearing in this Agreement have been inserted solely for the convenience of the parties and shall be of no force or effect in the construction of the provisions of this Agreement. This Agreement shall be construed under the laws of the State of Missouri and, subject to Section 6.4 hereinafter, shall be binding upon and inure to the benefit of the parties hereto, their respective successors, and permitted assigns. This Agreement may be executed in several counterparts, and each executed counterpart shall be considered an original of this Agreement.

Section 6.4 Assignment. Except as provided in this Section 6.4, no party to this Agreement may assign its rights or delegate its duties to any other person or entity without the prior written consent of the other party hereto.

Section 6.5 Notices. Notices hereunder shall be effective if deposited in the United States mail, postage prepaid, registered or certified, return receipt requested, and addressed as follows:

VNA:	VNA Corporation
	527 W. 39th Street
	Kansas City, Missouri 64111
	Attn: Alvin D. Cohen, President

Copy to: Robert M. Beachy, Esq.  
Van Osdol, Magruder, Erickson & Redmond, P.C.  
2700 Commerce Tower  
911 Main Street  
Kansas City, Missouri 64105

Health Midwest: Health Midwest  
2304 E. Meyer Blvd., Suite A-20  
Kansas City, Missouri 64132  
Attn: Richard W. Brown, President & CEO

Copy to: Larry J. Bingham, Esq.  
Seigfreid, Bingham, Levy, Selzer & Gee, P.C.  
2800 Commerce Tower  
911 Main Street  
Kansas City, Missouri 64105

Either party may change the address to which notices are to be addressed by giving the other party notice in the manner herein set forth.

Section 6.6 Expenses. Each party to this Agreement shall pay its own costs and expenses (including, without limitation, the fees and expenses of its counsel, auditors, and accountants) incidental to the preparation any carrying out of this Agreement.

Section 6.7 Brokerage Fee. Each of the parties hereto represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to a brokerage or other fee or commission in respect of the execution of this Agreement and/or the consummation of the transactions contemplated hereby. With respect to brokerage fees or commissions, Health Midwest shall exonerate, indemnify and hold VNA harmless against and in respect of any and all claims, losses, liabilities and expenses which may be suffered by VNA by reason of any such arrangement or agreement made by Health Midwest, its agents or employees, and VNA shall exonerate, indemnify and hold Health Midwest harmless in respect of any and all claims, losses, liabilities and expenses which may be suffered by Health Midwest by reason of any such arrangement or agreement made by VNA or its agents or employees.

Section 6.8 Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

Section 6.9 Invalidity of Any Provisions. It is the intention of the parties hereto that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of each state and jurisdiction in which such enforcement is sought,

and that the unenforceability (or the modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable, or impair, the remainder of this Agreement. Accordingly, if any provision to this Agreement shall be deemed invalid or unenforceable in whole or in part, this Agreement shall be deemed amended to delete or modify, in whole or in part, if necessary, the invalid or unenforceable provisions, or portions thereof, and to alter the balance of this Agreement in order to render the same valid and enforceable.

Section 6.10 Third Parties. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the parties hereto any rights or remedies under or by reason of this Agreement.

Section 6.11 Termination of Agreement. This Agreement may be terminated on or before the Closing Date without liability on the part of any party exercising such right of termination:

- (a) By the mutual consent of all the parties hereto;
- (b) By any party hereto if at the time of Closing a condition to Closing has not been satisfied;
- (c) By any party hereto if there has been a material misrepresentation or breach on the part of any other party of the warranties of such other party set forth herein or made pursuant hereto, or if there has been any failure on the part of any other party to perform its obligations or comply with its covenants hereunder.

IN WITNESS WHEREOF, the parties have caused their corporate names to be hereunto subscribed by their duly authorized officers.

VNA:

V.N.A. CORPORATION

By: 

Alvin D. Cohen, President

Health Midwest:

HEALTH MIDWEST

By: 

Stephen A. Melcher, Chairman



HMDG:

HEALTH MIDWEST DEVELOPMENT  
GROUP

By: E. Wynn Presson  
E. Wynn Presson, Chairman

HMVG:

HEALTH MIDWEST VENTURES GROUP,  
INC.

By: Richard W. Brown  
Richard W. Brown, President

RMC:

RESEARCH MEDICAL CENTER

By: A. William Hoffman  
A. William Hoffman, Chairman

## EXHIBIT A

### MANAGEMENT ORGANIZATIONAL PHILOSOPHY AND STRUCTURE

#### A. General Philosophy

Health Midwest involves twelve or more hospitals and multiple other corporate entities. The complexities of Health Midwest mandate the need for ongoing reevaluation of how the System coordinates and maximizes its resources in terms of overall management as well as staff support functions.

Health Midwest is committed to decision-making at the lowest appropriate level within the organization. There is a conscious effort to avoid highly centralized control and decision-making at the Parent company. However, it is recognized that there are significant economies that can occur by providing System-wide leadership for certain staff support areas at the Parent level rather than duplicating this expertise in several System entities.

A summary of the organizational philosophy of Health Midwest is as follows:

1. Health Midwest is committed to enhancing the integration and inter-organizational cooperation of the various member entities for the ultimate purpose of maximizing the use of System resources as well as the quality, convenience and effectiveness of services provided to System patients and customers.
2. Operational decision-making on day-to-day issues remains at the lowest appropriate level within the System.
3. In an effort to minimize system cost and maximize the use of available people resources, wherever appropriate, management and staff support personnel "wear several hats" in terms of having different titles and responsibilities in two or more entities within the System.

#### Operational Considerations

1. Policies. All Health Midwest entities are expected to operate within the policies of the System. Specific policies, such as the levels of approval authority and budget guidelines, are particularly relevant to the integrated operation of the System.

2. Budget. Each year the management staff of each System entity prepares, in conjunction with the management staff of the Parent, an annual operating and capital budget and a three-year financial plan including both capital and operating expenditure forecasts.

Following management concurrence on these plans, they are submitted to the board of the applicable entity within the System through its financial committee and other appropriate committee structures. Following final review and approval of these plans, they are forwarded to the Parent board for review and approval as part of the overall System financial plan. This plan is updated on an annual basis reflecting appropriate adjustments for changing conditions.

3. Levels of Authority. On an ongoing basis, the levels of authority policies of the System shall guide in determining approval levels required for various transactions within the System. Levels of authority are established for both the management and board of each System entity. Expenditures in excess of these respective limits require further review by the management staff and/or the board of the particular entity and/or the management staff and/or the board(s) of the Parent. Categories of resource allocation that are governed by these policies include, for example, budgeted and unbudgeted capital expenditures, major personnel decisions at the executive level, budgeted and unbudgeted consulting engagements, the cash management process and borrowing decisions. These policies are designed to assure appropriate board and management decision-making at the System entity level to enable effective operation of each System entity. Obviously, however, major decisions that require extraordinary resource allocation consideration are reviewed at the Parent level to assure conformity with overall System strategic priorities.

C. Corporate Allocation Mechanism

Following one year within the System, first-tier operating entities of Health Midwest contribute to the support for System-wide activities that are performed by Health Midwest and selected outreach and diversification initiatives. The need for this cash allocation mechanism stems from a desire for an equitable approach for providing cash to the holding company which provides management support to all System operating entities. Allocations are based upon the relative resource requirements of each operating entity.

D. Management Structure.

1. Authority and Accountability. The CEO of Health Midwest is Richard W. Brown who, is accountable to the Health Midwest Board. CEOs of each first tier subsidiary have dual reporting relationships to their respective boards and to a senior executive within Health Midwest.
2. System Support. Health Midwest corporate staff support services are made available to the CEO and appropriate staff of each System entity. System staff support that are available include human resources, marketing, public relations, managed care relations, finance, cash management, risk management, insurance programming, strategic planning and information services, among others. These corporate staff support services serve as an adjunct to the management within individual System entities.
3. System Consistency and Coordination. In management areas where expertise is required at both the Parent and the operating level, dual reporting relationships are utilized. For example, each CFO within an operating entity reports jointly to senior management within the entity and to the Parent's CFO.
4. Resource Allocation. It should be recognized that one of the results of a merger and/or System addition is a careful review of the opportunity to maximize the efficient use of resources, both personnel and facilities, by consolidation of programs and responsibilities as appropriate. In the process of this review of centralization opportunities, keen sensitivity is preserved to assure appropriate levels of leadership and capability within the operating structure of each constituent entity within the System.

## EXHIBIT B

### VNA's BOARD REPRESENTATION FOLLOWING CLOSING

#### VNA INITIAL REPRESENTATIVES ON HMDG BOARD

Linda Clarkson

Elizabeth Jones

#### VNA INITIAL REPRESENTATIVES ON HMGV BOARD

George LaHood

Charles Schellhorn

#### VNA INITIAL REPRESENTATIVE ON RMC BOARD

Al Cohen

#### VNIT INITIAL REPRESENTATIVES ON AME BOARD

Charles W. Schellhorn  
George E. LaHood

Glenn Potter

### VNA BOARD OF DIRECTORS TO SERVE FOLLOWING CLOSING

#### Health Midwest Members

#### Term Expires

Tom Harmon  
Dan Anderson  
Roy Powell

April, 1997  
April, 1996  
April, 1995

#### Local Board Members

#### Term Expires

Terry Anderson  
Al Cohen  
Art Collins  
Dan Couch  
Betty Crooker  
Linda Clarkson  
Bill Gomez  
Elizabeth Jones  
Whitey Kuhn

April, 1995  
April, 1995  
April, 1996  
April, 1997  
April, 1997  
April, 1995  
April, 1996  
April, 1995  
April, 1996

Ken Landau  
Merritt Lippert  
Bruce Reed  
Richard Roberson  
Charles Schellhorn

April, 1997  
April, 1997  
April, 1997  
April, 1995  
April, 1997

EXHIBIT B-1

FOUNDATION DIRECTORS FOLLOWING CLOSING

<u>Name</u>	<u>Term Expires</u>
Ruth Benien	April, 1997
Bill Gomez	April, 1996
Bud Jackson	April, 1996
Gordon Kingsley	April, 1995
Fran Martinsen	April, 1996
Bruce Reed	April, 1997
Sandy Tabor	April, 1997
Bob Turgeon	April, 1995
Rich Roberson	April, 1995

EXHIBIT B-2

VISITING NURSE SERVICES DIRECTORS FOLLOWING CLOSING

<u>Name</u>	<u>Term Expires</u>
Dan Couch	April, 1997
Karen Hostetler	April, 1997
Carol Siegrist	April, 1995
Rich Roberson	April, 1995



EXHIBIT B-3

VNA HOSPICE DIRECTORS FOLLOWING CLOSING

<u>Name</u>	<u>Term Expires</u>
Whitey Kuhn	April, 1996
Ken Landau	April, 1997
Richard McKittrick	April, 1995
Kermit Phelps	April, 1997
Rich Roberson	April, 1995

EXHIBIT B-4

CLINICARE FAMILY HEALTH DIRECTORS FOLLOWING CLOSING

<u>Name</u>	<u>Term Expires</u>
Ed Beasley	April, 1997
Betty Crooker	April, 1997
Mabel Johnson	April, 1996
Diane Lee	April, 1995
Merritt Lippert	April, 1997
Richard Noon	April, 1996
Pat Wahlstedt	April, 1996
Clint Wynn	April, 1997
Rich Roberson	April, 1995

# EXHIBIT C

## HEALTH MIDWEST SYSTEM LEVELS OF AUTHORITY AS APPLICABLE TO VNA CORPORATION

<u>Personnel Decisions</u>	<u>CEO</u>	<u>Board</u>
Creation of position and selection of individual for CEO, COO, CFO, or any other Officer position.	—	—
Salary changes for CEO, COO, CFO, or any other Officer position.	—	—
Filling budgeted position at salary of \$50,000 or above.	—	—
<u>Short Term Borrowing Through Board Approved Line of Credit</u>		
<u>Capital Expenditures*</u>		
Unbudgeted (from budgeted contingency).	\$ 7,500	\$25,000
Unbudgeted (beyond approved budget and contingency).	—	—
Budgeted (specified on a line item basis if over \$10,000).	\$15,000	\$50,000
<u>Consulting and Legal Fees</u>		
Unbudgeted (requires increase in budget).	\$3,000	\$ 5,000
Budgeted (covered within budgeted funds).	\$3,000	\$ 5,000

\* Dollar amounts are the purchase price or capitalized value of lease item.

— equals decision subject to Health Midwest approval.

Above the specified levels, Health Midwest approval is required.

# EXHIBIT D

## LEVELS OF AUTHORITY AS APPLICABLE TO SUBSIDIARIES OF VNA

<u>Personnel Decisions</u>	<u>CEO</u>	<u>Board</u>
Creation of position and selection of individual for CEO, COO, CFO, or any other Officer position.	—	—
Salary changes for CEO, COO, CFO, or any other Officer position.	—	—
Filling budgeted position at salary of \$50,000 or above.	—	—
<u>Short Term Borrowing Through Board Approved Line of Credit</u>		
<u>Capital Expenditures*</u>		
Unbudgeted (from budgeted contingency).	\$ 5,000	\$15,000
Unbudgeted (beyond approved budget and contingency).	—	—
Budgeted (specified on a line item basis if over \$10,000).	\$10,000	\$30,000
<u>Consulting and Legal Fees</u>		
Unbudgeted (requires increase in budget).	\$ 2,000	\$ 3,000
Budgeted (covered within budgeted funds).	\$ 2,000	\$ 3,000

\* Dollar amounts are the purchase price or capitalized value of lease item.

— equals decision subject to VNA approval.

Above the specified levels, VNA approval is required.